



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE

June 17, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Bremer County, Iowa.

The County had local tax revenue of \$34,051,262 for the year ended June 30, 2013, which included \$1,063,087 in tax credits from the state. The County forwarded \$26,891,382 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$7,159,880 of the local tax revenue to finance County operations, a 6.7% increase over the prior year. Other revenues included charges for service of \$6,077,270, operating grants, contributions and restricted interest of \$3,171,057, capital grants, contributions and restricted interest of \$604,847, local option sales tax of \$854,440, tax increment financing of \$168,581, unrestricted investment earnings of \$95,067 and other general revenues of \$229,694.

Expenses for County operations for the year ended June 30, 2013 totaled \$18,208,886, an 11.64% decrease from the prior year. Expenses included \$5,507,538 for roads and transportation, \$3,442,199 for public safety and legal services and \$3,088,187 for business type activities. The decrease in expenses is primarily due to scaling back business type activities expenses.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1310-0009-B00F.pdf>.

# # #



**BREMER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
  
**JUNE 30, 2013**

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**Bremer County**

**Officials**

**(Before January 2013)**

| <u>Name</u>       | <u>Title</u>         | <u>Term Expires</u> |
|-------------------|----------------------|---------------------|
| Ken Kammeyer      | Board of Supervisors | Jan 2013            |
| Steven Reuter     | Board of Supervisors | Jan 2013            |
| Tim Neil          | Board of Supervisors | Jan 2015            |
| Shelley Wolf      | County Auditor       | Jan 2013            |
| Sue Shonka        | County Treasurer     | Jan 2015            |
| Donna Ellison     | County Recorder      | Jan 2015            |
| Duane Hildebrandt | County Sheriff       | Jan 2013            |
| Kasey Wadding     | County Attorney      | Jan 2015            |
| Jean Keller       | County Assessor      | Jan 2016            |

**(After January 2013)**

|                           |                      |            |
|---------------------------|----------------------|------------|
| Tim Neil                  | Board of Supervisors | Jan 2015   |
| Duane Hildebrandt         | Board of Supervisors | Jan 2017   |
| Ken Kammeyer              | Board of Supervisors | Jan 2017   |
| Shelley Wolf              | County Auditor       | Jan 2017   |
| Sue Shonka                | County Treasurer     | Jan 2015   |
| Donna Ellison             | County Recorder      | (Resigned) |
| Melissa Davis (Appointed) | County Recorder      | Nov 2014   |
| Daniel Pickett            | County Sheriff       | Jan 2017   |
| Kasey Wadding             | County Attorney      | Jan 2015   |
| Jean Keller               | County Assessor      | Jan 2016   |

**Bremer County**



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Independent Auditor's Report

To the Officials of Bremer County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County as of June 30, 2013, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 8 through 14 and 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

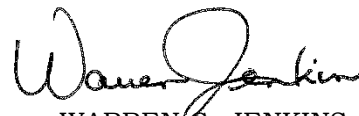
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2012 (which is not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the eight years ended June 30, 2011 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2014 on our consideration of Bremer County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Bremer County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 27, 2014

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Bremer County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2013 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities decreased 11.7%, or approximately \$2,011,000, from fiscal year 2012 to fiscal year 2013.
- Program expenses of the County's governmental activities decreased 7.0%, or approximately \$1,143,000, from fiscal year 2012 to fiscal year 2013. Mental health expenses decreased approximately \$1,334,000.
- The County's governmental activities net position increased less than 1%, or approximately \$79,000, from June 30, 2012 to June 30, 2013.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Bremer County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Bremer County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide financial information about activities for which Bremer County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds.

## **Reporting the County's Financial Activities**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and nonprogram activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, and 3) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Enterprise, Community Based Services Fund and its Internal Service, Employee Group Health Fund. Enterprise Funds are used to report business type activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for auto license and use tax, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Bremer County's combined net position changed from a year ago, increasing from a balance of \$35,363,982 to \$35,515,932. The analysis which follows focuses on the changes in the net position of governmental and business type activities.

|                                  | Net Position  |            |               |         |            |            |
|----------------------------------|---------------|------------|---------------|---------|------------|------------|
|                                  | Governmental  |            | Business Type |         | Total      |            |
|                                  | Activities    |            | Activities    |         |            |            |
|                                  | June 30,      |            | June 30,      |         | June 30,   |            |
|                                  | 2013          | 2012       | 2013          | 2012    | 2013       | 2012       |
| Current and other assets         | \$ 20,504,405 | 20,198,041 | 264,261       | 183,950 | 20,768,666 | 20,381,991 |
| Capital assets                   | 26,847,679    | 27,319,923 | 401,509       | 417,338 | 27,249,188 | 27,737,261 |
| Total assets                     | 47,352,084    | 47,517,964 | 665,770       | 601,288 | 48,017,854 | 48,119,252 |
| Long-term liabilities            | 4,246,145     | 4,418,658  | 229,326       | 203,531 | 4,475,471  | 4,622,189  |
| Other liabilities                | 7,918,473     | 7,991,151  | 107,978       | 141,930 | 8,026,451  | 8,133,081  |
| Total liabilities                | 12,164,618    | 12,409,809 | 337,304       | 345,461 | 12,501,922 | 12,755,270 |
| Net position:                    |               |            |               |         |            |            |
| Net investment in capital assets | 23,967,526    | 24,184,611 | 227,414       | 231,071 | 24,194,940 | 24,415,682 |
| Restricted                       | 7,534,303     | 6,720,472  | -             | -       | 7,534,303  | 6,720,472  |
| Unrestricted                     | 3,685,637     | 4,203,072  | 101,052       | 24,756  | 3,786,689  | 4,227,828  |
| Total net position               | \$ 35,187,466 | 35,108,155 | 328,466       | 255,827 | 35,515,932 | 35,363,982 |

Net position of Bremer County's governmental activities increased approximately \$79,000 (approximately \$35,187,000 compared to approximately \$35,108,000). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position component increased approximately \$814,000, or 12.1%. Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — decreased approximately \$441,000, or 10.4%.

Net position of Bremer County's business type activities increased approximately \$73,000, or 28.4%.

| Changes in Net Position                                      |                     |            |                     |           |                     |            |
|--|---------------------|------------|---------------------|-----------|---------------------|------------|
|  | Governmental        |            | Business Type       |           | Total               |            |
|  | Activities          |            | Activities          |           |                     |            |
|  | Year ended June 30, |            | Year ended June 30, |           | Year ended June 30, |            |
|  | 2013                | 2012       | 2013                | 2012      | 2013                | 2012       |
| Revenues:  |                     |            |                     |           |                     |            |
| Program revenues:  |                     |            |                     |           |                     |            |
| Charges for service  | \$ 2,916,444        | 3,079,419  | 3,160,826           | 4,286,595 | 6,077,270           | 7,366,014  |
| Operating grants, contributions and restricted interest      | 3,171,057           | 4,113,130  | -                   | -         | 3,171,057           | 4,113,130  |
| Capital grants, contributions and restricted interest        | 604,847             | 1,869,289  | -                   | -         | 604,847             | 1,869,289  |
| General revenues:  |                     |            |                     |           |                     |            |
| Property tax   | 6,923,506           | 6,525,132  | -                   | -         | 6,923,506           | 6,525,132  |
| Tax increment financing                                      | 168,581             | 181,439    | -                   | -         | 168,581             | 181,439    |
| Penalty and interest on property tax                         | 34,389              | 29,116     | -                   | -         | 34,389              | 29,116     |
| State tax credits  | 236,374             | 185,023    | -                   | -         | 236,374             | 185,023    |
| Local option sales tax                                       | 854,440             | 942,884    | -                   | -         | 854,440             | 942,884    |
| Grants and contributions not restricted to specific purposes | -                   | -          | -                   | -         | -                   | -          |
| Unrestricted investment earnings                             | 95,067              | 143,287    | -                   | -         | 95,067              | 143,287    |
| Gain on disposition of capital asset                         | 5,946               | -          | -                   | -         | 5,946               | -          |
| Miscellaneous  | 189,359             | 142,114    | -                   | -         | 189,359             | 142,114    |
| Total revenues   | 15,200,010          | 17,210,833 | 3,160,826           | 4,286,595 | 18,360,836          | 21,497,428 |
| Program expenses:  |                     |            |                     |           |                     |            |
| Public safety and legal services                             | 3,442,199           | 3,192,417  | -                   | -         | 3,442,199           | 3,192,417  |
| Physical health and social services                          | 672,250             | 413,643    | -                   | -         | 672,250             | 413,643    |
| Mental health  | 1,287,707           | 2,621,318  | -                   | -         | 1,287,707           | 2,621,318  |
| County environment and education                             | 1,225,433           | 1,235,813  | -                   | -         | 1,225,433           | 1,235,813  |
| Roads and transportation                                     | 5,507,538           | 5,736,363  | -                   | -         | 5,507,538           | 5,736,363  |
| Governmental services to residents                           | 688,890             | 744,920    | -                   | -         | 688,890             | 744,920    |
| Administration   | 2,177,171           | 2,061,537  | -                   | -         | 2,177,171           | 2,061,537  |
| Non-program  | 55,428              | 24,239     | -                   | -         | 55,428              | 24,239     |
| Interest on long-term debt                                   | 64,083              | 233,379    | -                   | -         | 64,083              | 233,379    |
| Community based services                                     | -                   | -          | 3,088,187           | 4,343,383 | 3,088,187           | 4,343,383  |
| Total expenses   | 15,120,699          | 16,263,629 | 3,088,187           | 4,343,383 | 18,208,886          | 20,607,012 |
| Change in net position                                       | 79,311              | 947,204    | 72,639              | (56,788)  | 151,950             | 890,416    |
| Net position beginning of year                               | 35,108,155          | 34,160,951 | 255,827             | 312,615   | 35,363,982          | 34,473,566 |
| Net position end of year                                     | \$ 35,187,466       | 35,108,155 | 328,466             | 255,827   | 35,515,932          | 35,363,982 |

The County slightly decreased the countywide property tax and levy rates for fiscal year 2013. The rural levy rate remained unchanged at \$3.95 per \$1,000 of taxable valuation while the countywide levy was slightly higher at \$5.00556 per \$1,000 of taxable valuation in fiscal year 2013.

The cost of all governmental activities this year was approximately \$15.1 million compared to approximately \$16.3 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$8.4 million because some of the cost was paid by those directly benefited from the programs (approximately \$2,916,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,776,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2013 from approximately \$9,061,000 to approximately \$6,692,000, principally due to less roads and transportation projects paid directly by the Iowa Department of Transportation.

## INDIVIDUAL MAJOR FUND ANALYSIS

As Bremer County completed the year, its governmental funds reported a combined fund balance of \$11,815,849, a modest increase of \$351,469 over last year's total of \$11,464,380. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance decreased \$417,168 from the prior year to \$4,220,611. Total revenue increased 7.0%, or approximately \$420,000. Total expenditures increased 7.2%, or approximately \$451,000, compared to fiscal year 2012. The Conservation Land Acquisition Fund is now a part of the General Fund for reporting purposes due to implementation of GASB Statement No. 54.
- The Special Revenue, Mental Health Fund revenues and expenditures decreased \$1,030,545 and \$1,415,543, respectively, due, in part, to the State of Iowa retaining property tax relief funds and performing the Medicaid billing. The Special Revenue, Mental Health Fund balance at year end decreased \$12,499 to \$684,286.
- The Special Revenue, Rural Services Fund balance increased \$35,271 over the prior year to \$283,668. Revenues increased \$121,502, primarily due to an increase in property tax.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$725,000 from the prior year, due primarily to a decrease in capital projects. Revenues decreased approximately \$486,000. The prior year had higher capital project costs resulting in more reimbursements from the State. The Special Revenue, Secondary Roads Fund ending fund balance increased \$534,455 to \$1,832,610.
- The Special Revenue, Solid Waste Management Fund balance decreased \$61,626 from the prior year to \$1,525,554. Expenditures continue to outpace revenues.
- The Special Revenue, Solid Waste Closure Fund balance decreased a modest \$9,567 to \$1,479,326.

The major business type activities fund is as follows:

- The Enterprise, Community Based Services Fund balance increased \$72,639. The County continues to look for ways to manage the expenses and revenues related to Community Based Services.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Bremer County amended its budget once. The amendment was made in May 2013 and resulted in an increase in budgeted disbursements of \$701,754, primarily for physical health and social services and capital projects.

The County's actual receipts were \$928,745 less than budgeted. The most significant variance resulted from the County receiving less intergovernmental receipts than anticipated.

Total actual disbursements were \$2,781,269 less than the amended budget, a variance of 16.6%. Actual disbursements for the capital projects, mental health and county environment and education functions were \$1,175,440, \$898,779 and \$165,545, respectively, less than budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Bremer County's governmental and business type activities concluded fiscal year 2013 with \$27,249,188 invested (net of accumulated depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges.

| Capital Assets of Governmental Activities at Year End |               |            |
|---|---------------|------------|
|   | June 30,      |            |
|   | 2013          | 2012       |
| Land  | \$ 1,398,404  | 1,358,404  |
| Construction in process                               | 281,200       | 2,575,982  |
| Buildings   | 5,989,633     | 6,104,383  |
| Equipment and vehicles                                | 1,570,133     | 1,524,310  |
| Infrastructure, road network                          | 16,336,637    | 14,417,029 |
| Infrastructure, other                                 | 1,271,672     | 1,339,815  |
| Total   | \$ 26,847,679 | 27,319,923 |
| This year's major additions include:                  |               |            |
| Road network infrastructure                           |               | \$ 626,841 |
| Sheriff vehicles                                      |               | 78,632     |
| Freightliner truck and other equipment                |               | 206,651    |
| Total   |               | \$ 912,124 |

Capital assets of Bremer County's business type activities decreased \$15,829 from fiscal year 2012 to \$401,509. The primary reason for the decrease was depreciation expense.

The County's governmental activities had depreciation expense of \$1,440,081 in fiscal year 2013 and total accumulated depreciation of \$22,125,548 at June 30, 2013.

More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

### Long-Term Debt

At June 30, 2013, Bremer County had \$2,875,000 of general obligation bonds outstanding, compared to \$3,130,000 at June 30, 2012.

| Outstanding Debt of Governmental Activities at Year End |              |           |
|---|--------------|-----------|
|   | June 30,     |           |
|   | 2013         | 2012      |
| General obligation bonds                                | \$ 2,875,000 | 3,130,000 |

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Bremer County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$95,079,000. Additional information about the County's long-term debt and other long-term liabilities is presented in Note 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Bremer County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2014 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County as of June 2013 has remained at 4.0%. This compares with the State's unemployment rate of 4.8%.

These indicators were taken into account when adopting the budget for fiscal year 2014. The fiscal year 2014 budget of \$15,458,270 decreased 3.6% from the fiscal year 2013 original budget of \$16,029,628. Property tax will increase slightly over fiscal year 2013.

If these estimates are realized, the County's ending cash balance is expected to decrease approximately \$1,286,000 by the close of fiscal year 2014 from the fiscal year 2013 ending cash balance.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Bremer County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bremer County Auditor's Office, 415 East Bremer Avenue, Waverly, Iowa 50677.

**Bremer County**

**Exhibit A**

Bremer County  
Statement of Net Position  
June 30, 2013

|   | Governmental<br>Activities | Business Type<br>Activities | Total             |
|---|----------------------------|-----------------------------|-------------------|
| <b>Assets</b>   |                            |                             |                   |
| Cash, cash equivalents and pooled investments                 | \$ 11,955,607              | -                           | 11,955,607        |
| Receivables:  |                            |                             |                   |
| Property tax:   |                            |                             |                   |
| Delinquent  | 19,049                     | -                           | 19,049            |
| Succeeding year   | 7,102,000                  | -                           | 7,102,000         |
| Succeeding year tax increment financing                       | 194,000                    | -                           | 194,000           |
| Accounts  | 38,476                     | 24,002                      | 62,478            |
| Economic development loan                                     | 7,400                      | -                           | 7,400             |
| Note  | -                          | 56,000                      | 56,000            |
| Lease   | -                          | 3,175                       | 3,175             |
| Accrued interest  | 3,543                      | -                           | 3,543             |
| Community Based Services loan                                 | 174,095                    | (174,095)                   | -                 |
| Due from other governments                                    | 469,141                    | 360,704                     | 829,845           |
| Internal balances   | 14,723                     | (14,723)                    | -                 |
| Inventories   | 388,042                    | -                           | 388,042           |
| Prepaid items   | 138,329                    | 9,198                       | 147,527           |
| Capital assets, net of accumulated depreciation               | 26,847,679                 | 401,509                     | 27,249,188        |
| <b>Total assets</b>   | <b>47,352,084</b>          | <b>665,770</b>              | <b>48,017,854</b> |
| <b>Liabilities</b>  |                            |                             |                   |
| Accounts payable  | 339,464                    | 31,294                      | 370,758           |
| Accrued interest payable                                      | 5,153                      | -                           | 5,153             |
| Salaries and benefits payable                                 | 241,310                    | 68,169                      | 309,479           |
| Due to other governments                                      | 36,546                     | 8,515                       | 45,061            |
| Unearned revenue:   |                            |                             |                   |
| Succeeding year property tax                                  | 7,102,000                  | -                           | 7,102,000         |
| Succeeding year tax increment financing                       | 194,000                    | -                           | 194,000           |
| Long-term liabilities:  |                            |                             |                   |
| Portion due or payable within one year:                       |                            |                             |                   |
| General obligation refunding bonds                            | 265,000                    | -                           | 265,000           |
| Early retirement  | 3,772                      | -                           | 3,772             |
| Compensated absences  | 338,315                    | 92,514                      | 430,829           |
| Portion due or payable after one year:                        |                            |                             |                   |
| General obligation refunding bonds                            | 2,610,000                  | -                           | 2,610,000         |
| Early retirement  | 3,963                      | -                           | 3,963             |
| Estimated liability for landfill closure and postclosure care | 576,058                    | -                           | 576,058           |
| Compensated absences  | 115,703                    | 25,701                      | 141,404           |
| Net OPEB liability  | 333,334                    | 111,111                     | 444,445           |
| <b>Total liabilities</b>                                      | <b>12,164,618</b>          | <b>337,304</b>              | <b>12,501,922</b> |
| <b>Net Position</b>   |                            |                             |                   |
| Net investment in capital assets                              | 23,967,526                 | 227,414                     | 24,194,940        |
| Restricted for:   |                            |                             |                   |
| Supplemental levy purposes                                    | 239,352                    | -                           | 239,352           |
| Mental health purposes  | 659,259                    | -                           | 659,259           |
| Rural services purposes                                       | 259,122                    | -                           | 259,122           |
| Secondary roads purposes                                      | 1,709,226                  | -                           | 1,709,226         |
| Landfill closure and postclosure care                         | 903,268                    | -                           | 903,268           |
| Conservation purposes   | 246,708                    | -                           | 246,708           |
| Solid waste management  | 1,517,686                  | -                           | 1,517,686         |
| Other purposes  | 1,999,682                  | -                           | 1,999,682         |
| Unrestricted  | 3,685,637                  | 101,052                     | 3,786,689         |
| <b>Total net position</b>                                     | <b>\$ 35,187,466</b>       | <b>328,466</b>              | <b>35,515,932</b> |

See notes to financial statements.

Bremer County  
Statement of Activities  
Year ended June 30, 2013

|   | Expenses      | Program Revenues          |  |  | Net (Expense) Revenue<br>and Changes in Net Position |                                |             |
|---|---------------|---------------------------|--|--|--|--------------------------------|-------------|
|   |               | Charges<br>for<br>Service | Operating Grants,<br>Contributions<br>and Restricted<br>Interest | Capital Grants,<br>Contributions<br>and Restricted<br>Interest | Governmental<br>Activities                           | Business<br>Type<br>Activities | Total       |
|   |               |                           |  |  |  |                                |             |
| <b>Functions/Programs:</b>                                |               |                           |  |  |  |                                |             |
| Governmental activities:                                  |               |                           |  |  |  |                                |             |
| Public safety and legal services                          | \$ 3,442,199  | 640,912                   | 127,731  | -  | (2,673,556)  | -                              | (2,673,556) |
| Physical health and social services                       | 672,250       | 20,438                    | 52,189   | -  | (599,623)  | -                              | (599,623)   |
| Mental health   | 1,287,707     | 17,618                    | 340,554  | -  | (929,535)  | -                              | (929,535)   |
| County environment and education                          | 1,225,433     | 438,619                   | 61,419   | -  | (725,395)  | -                              | (725,395)   |
| Roads and transportation                                  | 5,507,538     | 335,874                   | 2,589,144  | 604,847  | (1,977,673)  | -                              | (1,977,673) |
| Governmental services to residents                        | 688,890       | 513,810                   | 20   | -  | (175,060)  | -                              | (175,060)   |
| Administration  | 2,177,171     | 949,173                   | -  | -  | (1,227,998)  | -                              | (1,227,998) |
| Non-program   | 55,428        | -                         | -  | -  | (55,428)   | -                              | (55,428)    |
| Interest on long-term debt                                | 64,083        | -                         | -  | -  | (64,083)   | -                              | (64,083)    |
| Total governmental activities                             | 15,120,699    | 2,916,444                 | 3,171,057  | 604,847  | (8,428,351)  | -                              | (8,428,351) |
| Business type activities                                  |               |                           |  |  |  |                                |             |
| Community Based Services                                  | 3,088,187     | 3,160,826                 | -  | -  | -  | 72,639                         | 72,639      |
| Total   | \$ 18,208,886 | 6,077,270                 | 3,171,057  | 604,847  | (8,428,351)  | 72,639                         | (8,355,712) |
| <b>General Revenues:</b>                                  |               |                           |  |  |  |                                |             |
| Property and other county tax levied for general purposes |               |                           |  |  | 6,923,506  | -                              | 6,923,506   |
| Tax increment financing                                   |               |                           |  |  | 168,581  | -                              | 168,581     |
| Penalty and interest on property tax                      |               |                           |  |  | 34,389   | -                              | 34,389      |
| State tax credits   |               |                           |  |  | 236,374  | -                              | 236,374     |
| Local option sales tax                                    |               |                           |  |  | 854,440  | -                              | 854,440     |
| Unrestricted investment earnings                          |               |                           |  |  | 95,067   | -                              | 95,067      |
| Gain on disposition of capital assets                     |               |                           |  |  | 5,946  | -                              | 5,946       |
| Miscellaneous   |               |                           |  |  | 189,359  | -                              | 189,359     |
| Total general revenues                                    |               |                           |  |  | 8,507,662  | -                              | 8,507,662   |
| Change in net position                                    |               |                           |  |  | 79,311   | 72,639                         | 151,950     |
| Net position beginning of year                            |               |                           |  |  | 35,108,155   | 255,827                        | 35,363,982  |
| Net position end of year                                  |               |                           |  |  | \$ 35,187,466  | 328,466                        | 35,515,932  |

See notes to financial statements.

Bremer County  
Balance Sheet  
Governmental Funds

June 30, 2013

|  |                     | Special          |                  |
|--|---------------------|------------------|------------------|
|  | General             | Mental Health    | Rural Services   |
| <b>Assets</b>                                      |                     |                  |                  |
| Cash, cash equivalents and pooled investments      | \$ 4,129,522        | 695,824          | 292,750          |
| Receivables:                                       |                     |                  |                  |
| Property tax:                                      |                     |                  |                  |
| Delinquent   | 10,873              | 2,306            | 5,870            |
| Succeeding year                                    | 4,143,000           | 986,000          | 1,973,000        |
| Succeeding year tax increment financing            | -                   | -                | -                |
| Accounts   | 24,289              | 9,144            | -                |
| Economic development loans                         | -                   | -                | -                |
| Accrued interest                                   | 454                 | -                | -                |
| Interfund  | 14,723              | -                | -                |
| Advance to other fund                              | 174,095             | -                | -                |
| Due from other governments                         | 39,928              | 72,229           | -                |
| Inventories  | -                   | -                | -                |
| Prepaid items                                      | 24,274              | 2,550            | 357              |
| <b>Total assets</b>                                | <b>\$ 8,561,158</b> | <b>1,768,053</b> | <b>2,271,977</b> |
| <b>Liabilities and Fund Balances</b>               |                     |                  |                  |
| Liabilities:                                       |                     |                  |                  |
| Accounts payable                                   | \$ 23,169           | 69,439           | -                |
| Salaries and benefits payable                      | 144,561             | 13,162           | 9,439            |
| Due to other governments                           | 18,944              | 12,860           | -                |
| Deferred revenue:                                  |                     |                  |                  |
| Succeeding year property tax                       | 4,143,000           | 986,000          | 1,973,000        |
| Succeeding year tax increment financing            | -                   | -                | -                |
| Other  | 10,873              | 2,306            | 5,870            |
| Total liabilities                                  | <b>4,340,547</b>    | <b>1,083,767</b> | <b>1,988,309</b> |
| Fund balances:                                     |                     |                  |                  |
| Nonspendable:                                      |                     |                  |                  |
| Advance to other fund                              | 174,095             | -                | -                |
| Inventories  | -                   | -                | -                |
| Prepaid items                                      | 24,274              | 2,550            | 357              |
| Restricted for:                                    |                     |                  |                  |
| Supplemental levy purposes                         | 248,905             | -                | -                |
| Mental health purposes                             | -                   | 681,736          | -                |
| Rural services purposes                            | -                   | -                | 283,311          |
| Secondary roads purposes                           | -                   | -                | -                |
| Landfill closure and postclosure care              | -                   | -                | -                |
| Solid waste/transfer station                       | -                   | -                | -                |
| Conservation land acquisition/capital improvements | 246,708             | -                | -                |
| Prison room and board                              | 202,488             | -                | -                |
| Other purposes                                     | -                   | -                | -                |
| Unassigned   | 3,324,141           | -                | -                |
| Total fund balances                                | <b>4,220,611</b>    | <b>684,286</b>   | <b>283,668</b>   |
| <b>Total liabilities and fund balances</b>         | <b>\$ 8,561,158</b> | <b>1,768,053</b> | <b>2,271,977</b> |

See notes to financial statements.

| Revenue         |                        |                           |           |            |
|-----------------|------------------------|---------------------------|-----------|------------|
| Secondary Roads | Solid Waste Management | Solid Waste Closure Costs | Nonmajor  | Total      |
| 1,231,180       | 1,531,122              | 1,479,428                 | 1,645,380 | 11,005,206 |
| -               | -                      | -                         | -         | 19,049     |
| -               | -                      | -                         | -         | 7,102,000  |
| -               | -                      | -                         | 194,000   | 194,000    |
| 385             | 878                    | -                         | 3,780     | 38,476     |
| -               | -                      | -                         | 7,400     | 7,400      |
| -               | -                      | -                         | 703       | 1,157      |
| -               | -                      | -                         | -         | 14,723     |
| -               | -                      | -                         | -         | 174,095    |
| 215,768         | -                      | -                         | 141,216   | 469,141    |
| 388,042         | -                      | -                         | -         | 388,042    |
| 109,555         | 1,593                  | -                         | -         | 138,329    |
| 1,944,930       | 1,533,593              | 1,479,428                 | 1,992,479 | 19,551,618 |
| 40,593          | 876                    | 102                       | 1,285     | 135,464    |
| 71,248          | 2,900                  | -                         | -         | 241,310    |
| 479             | 4,263                  | -                         | -         | 36,546     |
| -               | -                      | -                         | -         | 7,102,000  |
| -               | -                      | -                         | 194,000   | 194,000    |
| -               | -                      | -                         | 7,400     | 26,449     |
| 112,320         | 8,039                  | 102                       | 202,685   | 7,735,769  |
| -               | -                      | -                         | -         | 174,095    |
| 388,042         | -                      | -                         | -         | 388,042    |
| 109,555         | 1,593                  | -                         | -         | 138,329    |
| -               | -                      | -                         | -         | 248,905    |
| -               | -                      | -                         | -         | 681,736    |
| -               | -                      | -                         | -         | 283,311    |
| 1,335,013       | -                      | -                         | -         | 1,335,013  |
| -               | -                      | 1,479,326                 | -         | 1,479,326  |
| -               | 1,523,961              | -                         | -         | 1,523,961  |
| -               | -                      | -                         | -         | 246,708    |
| -               | -                      | -                         | -         | 202,488    |
| -               | -                      | -                         | 1,789,794 | 1,789,794  |
| -               | -                      | -                         | -         | 3,324,141  |
| 1,832,610       | 1,525,554              | 1,479,326                 | 1,789,794 | 11,815,849 |
| 1,944,930       | 1,533,593              | 1,479,428                 | 1,992,479 | 19,551,618 |

**Bremer County**

## Bremer County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position

June 30, 2013

|   |               |
|---|---------------|
| <b>Total governmental fund balances (page 19)</b> | \$ 11,815,849 |
|---|---------------|

***Amounts reported for governmental activities in the Statement of Net Position are different because:***

|   |            |
|---|------------|
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$48,973,227 and the accumulated depreciation is \$22,125,548. | 26,847,679 |
|---|------------|

|   |        |
|---|--------|
| Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds. | 26,449 |
|---|--------|

|  |         |
|--|---------|
| The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position. | 748,787 |
|--|---------|

|   |             |
|---|-------------|
| Long-term liabilities, including general obligation refunding bonds payable, landfill closure and postclosure care payable, compensated absences payable, early retirement payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. | (4,251,298) |
|---|-------------|

|  |                             |
|--|-----------------------------|
| <b>Net position of governmental activities (page 16)</b> | <u><u>\$ 35,187,466</u></u> |
|--|-----------------------------|

See notes to financial statements.

Bremer County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2013

|  | General      | Mental<br>Health | Special<br>Rural<br>Services |
|--|--------------|------------------|------------------------------|
| Revenues:  |              |                  |                              |
| Property and other county tax                                | \$ 4,107,975 | 871,204          | 1,910,349                    |
| Local option sales tax                                       | -            | -                | -                            |
| Penalty and interest on property tax                         | 41,207       | -                | -                            |
| Tax increment financing                                      | -            | -                | -                            |
| Intergovernmental  | 713,053      | 373,849          | 77,219                       |
| Licenses and permits   | 281,365      | -                | -                            |
| Charges for service  | 733,992      | -                | -                            |
| Use of money and property                                    | 269,696      | -                | -                            |
| Miscellaneous  | 292,021      | 17,619           | -                            |
| Total revenues   | 6,439,309    | 1,262,672        | 1,987,568                    |
| Expenditures:  |              |                  |                              |
| Operating:   |              |                  |                              |
| Public safety and legal services                             | 3,103,750    | -                | 260,620                      |
| Physical health and social services                          | 668,276      | -                | -                            |
| Mental health  | -            | 1,275,171        | -                            |
| County environment and education                             | 768,192      | -                | 177,666                      |
| Roads and transportation                                     | -            | -                | -                            |
| Governmental services to residents                           | 663,353      | -                | 4,437                        |
| Administration   | 1,367,657    | -                | -                            |
| Non-program  | 40,312       | -                | -                            |
| Debt service   | -            | -                | -                            |
| Capital projects   | 70,757       | -                | -                            |
| Total expenditures   | 6,682,297    | 1,275,171        | 442,723                      |
| Excess (deficiency) of revenues<br>over (under) expenditures | (242,988)    | (12,499)         | 1,544,845                    |
| Other financing sources (uses):                              |              |                  |                              |
| Operating transfers in                                       | -            | -                | -                            |
| Operating transfers out                                      | (174,180)    | -                | (1,509,574)                  |
| Total other financing sources (uses)                         | (174,180)    | -                | (1,509,574)                  |
| Change in fund balances                                      | (417,168)    | (12,499)         | 35,271                       |
| Fund balances beginning of year                              | 4,637,779    | 696,785          | 248,397                      |
| Fund balances end of year                                    | \$ 4,220,611 | 684,286          | 283,668                      |

See notes to financial statements.

| Revenue            |                           |                        |           |             |  |
|--------------------|---------------------------|------------------------|-----------|-------------|--|
| Secondary<br>Roads | Solid Waste<br>Management | Solid Waste<br>Closure | Nonmajor  | Total       |  |
| -                  | -                         | -                      | -         | 6,889,528   |  |
| -                  | -                         | -                      | 854,440   | 854,440     |  |
| -                  | -                         | -                      | -         | 41,207      |  |
| -                  | -                         | -                      | 168,581   | 168,581     |  |
| 2,598,804          | -                         | -                      | 13,550    | 3,776,475   |  |
| 6,900              | -                         | -                      | -         | 288,265     |  |
| 64                 | 94,964                    | -                      | 5,776     | 834,796     |  |
| -                  | -                         | -                      | 41,641    | 311,337     |  |
| 328,910            | 1,484                     | -                      | 4,750     | 644,784     |  |
| 2,934,678          | 96,448                    | -                      | 1,088,738 | 13,809,413  |  |
| -                  | -                         | -                      | 22,287    | 3,386,657   |  |
| -                  | -                         | -                      | -         | 668,276     |  |
| -                  | -                         | -                      | -         | 1,275,171   |  |
| -                  | 158,074                   | 9,567                  | 12,352    | 1,125,851   |  |
| 4,025,290          | -                         | -                      | -         | 4,025,290   |  |
| -                  | -                         | -                      | 27        | 667,817     |  |
| -                  | -                         | -                      | -         | 1,367,657   |  |
| -                  | -                         | -                      | -         | 40,312      |  |
| -                  | -                         | -                      | 319,242   | 319,242     |  |
| 58,687             | -                         | -                      | 452,227   | 581,671     |  |
| 4,083,977          | 158,074                   | 9,567                  | 806,135   | 13,457,944  |  |
| (1,149,299)        | (61,626)                  | (9,567)                | 282,603   | 351,469     |  |
| 1,683,754          | -                         | -                      | -         | 1,683,754   |  |
| -                  | -                         | -                      | -         | (1,683,754) |  |
| 1,683,754          | -                         | -                      | -         | -           |  |
| 534,455            | (61,626)                  | (9,567)                | 282,603   | 351,469     |  |
| 1,298,155          | 1,587,180                 | 1,488,893              | 1,507,191 | 11,464,380  |  |
| 1,832,610          | 1,525,554                 | 1,479,326              | 1,789,794 | 11,815,849  |  |

## Bremer County

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2013

**Change in fund balances - Total governmental funds (page 23)** \$ 351,469

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense in the current year exceeded capital outlay expenditures and contributed capital assets, as follows:

|  |             |           |
|--|-------------|-----------|
| Expenditures for capital assets                      | \$ 366,705  |           |
| Capital assets contributed by the Iowa Department of | 595,186     |           |
| Depreciation expense                                 | (1,440,081) | (478,190) |

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 5,946

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

|              |         |         |
|--------------|---------|---------|
| Property tax | (2,335) |         |
| Other        | (1,225) | (3,560) |

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 255,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

|   |          |          |
|---|----------|----------|
| Adjustment to estimated costs for landfill closure and postclosure care | 5,642    |          |
| Compensated absences  | (12,749) |          |
| Other postemployment benefits   | (72,428) |          |
| Early retirement  | (2,952)  |          |
| Interest on long-term debt  | 159      | (82,328) |

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. 30,974

**Change in net position of governmental activities (page 17)** \$ 79,311

See notes to financial statements.

Bremer County  
Statement of Net Position  
Proprietary Funds

June 30, 2013

|   | Enterprise<br>Community<br>Based<br>Services | Internal<br>Service<br>Employee<br>Group<br>Health | Total            |
|---|--|--|------------------|
| <b>Assets</b>                                   |  |  |                  |
| Cash and cash equivalents                       | \$ -   | 950,401  | 950,401          |
| Receivables:                                    |  |  |                  |
| Accounts  | 24,002                                       | -  | 24,002           |
| Accrued interest                                | -  | 2,386  | 2,386            |
| Note  | 56,000                                       | -  | 56,000           |
| Lease   | 3,175  | -  | 3,175            |
| Due from other governments                      | 360,704                                      | -  | 360,704          |
| Prepaid insurance                               | 9,198  | -  | 9,198            |
| Capital assets, net of accumulated depreciation | 401,509                                      | -  | 401,509          |
| <b>Total assets</b>                             | <b>854,588</b>                               | <b>952,787</b>                                     | <b>1,807,375</b> |
| <b>Liabilities</b>                              |  |  |                  |
| Accounts payable                                | 31,294                                       | 204,000  | 235,294          |
| Salaries and benefits payable                   | 68,169                                       | -  | 68,169           |
| Due to other governments                        | 8,515  | -  | 8,515            |
| Interfund payable                               | 14,723                                       | -  | 14,723           |
| Long-term liabilities:                          |  |  |                  |
| Portion due or payable within one year:         |  |  |                  |
| Compensated absences                            | 92,514                                       | -  | 92,514           |
| Advance from General Fund                       | 12,326                                       | -  | 12,326           |
| Portion due or payable after one year:          |  |  |                  |
| Compensated absences                            | 25,701                                       | -  | 25,701           |
| Advance from General Fund                       | 161,769                                      | -  | 161,769          |
| Net OPEB liability                              | 111,111                                      | -  | 111,111          |
| <b>Total liabilities</b>                        | <b>526,122</b>                               | <b>204,000</b>                                     | <b>730,122</b>   |
| <b>Net Position</b>                             |  |  |                  |
| Net investment in capital assets                | 227,414                                      | -  | 227,414          |
| Unrestricted                                    | 101,052                                      | 748,787  | 849,839          |
| <b>Total net position</b>                       | <b>\$ 328,466</b>                            | <b>748,787</b>                                     | <b>1,077,253</b> |

See notes to financial statements.

Bremer County  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2013

|                                       | Enterprise<br>Community<br>Based<br>Services | Internal<br>Service<br>Employee<br>Group<br>Health | Total     |
|---------------------------------------|--|--|-----------|
| Operating revenues:                   |  |  |           |
| Reimbursements from operating funds   | \$ 295,473                                   | 1,567,972  | 1,863,445 |
| Reimbursements from employees         | -  | 128,963  | 128,963   |
| State grants                          | 53,614                                       | -  | 53,614    |
| Charges for service                   | 2,793,000                                    | -  | 2,793,000 |
| Building rent                         | 18,739                                       | -  | 18,739    |
| Miscellaneous                         | -  | 256,369  | 256,369   |
| Total operating revenues              | 3,160,826                                    | 1,953,304  | 5,114,130 |
| Operating expenses:                   |  |  |           |
| Medical claims                        | -  | 1,482,521  | 1,482,521 |
| Insurance premiums                    | -  | 391,904  | 391,904   |
| Administrative fees                   | -  | 52,765   | 52,765    |
| Salaries and wages                    | 1,794,230                                    | -  | 1,794,230 |
| Fringe benefits                       | 668,984                                      | -  | 668,984   |
| Contracted labor                      | 106,711                                      | -  | 106,711   |
| Travel and training                   | 89,303                                       | -  | 89,303    |
| Utilities                             | 21,746                                       | -  | 21,746    |
| Insurance                             | 46,194                                       | -  | 46,194    |
| Advertising                           | 775  | -  | 775       |
| Office and general                    | 27,860                                       | -  | 27,860    |
| Maintenance and repair                | 45,936                                       | -  | 45,936    |
| Telephone                             | 20,008                                       | -  | 20,008    |
| Computer maintenance and support      | 87,611                                       | -  | 87,611    |
| Depreciation                          | 51,015                                       | -  | 51,015    |
| Dues and membership                   | 2,705  | -  | 2,705     |
| Professional fees                     | 22,112                                       | -  | 22,112    |
| Medical supplies                      | 95,029                                       | -  | 95,029    |
| Miscellaneous                         | 5,709  | -  | 5,709     |
| Total operating expenses              | 3,085,928                                    | 1,927,190  | 5,013,118 |
| Operating income                      | 74,898                                       | 26,114   | 101,012   |
| Non-operating revenues (expenses):    |  |  |           |
| Interest expense                      | (2,259)                                      | -  | (2,259)   |
| Interest income                       | -  | 4,860  | 4,860     |
| Net non-operating revenues (expenses) | (2,259)                                      | 4,860  | 2,601     |
| Change in net position                | 72,639                                       | 30,974   | 103,613   |
| Net position beginning of year        | 255,827                                      | 717,813  | 973,640   |
| Net position end of year              | \$ 328,466                                   | 748,787  | 1,077,253 |

See notes to financial statements.

Bremer County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2013

|   | Enterprise<br>Community<br>Based<br>Services | Internal<br>Service<br>Employee<br>Group<br>Health | Total       |
|---|--|--|-------------|
| Cash flows from operating activities:   |  |  |             |
| Cash received from operating fund reimbursements  | \$ 295,473                                   | 1,567,972  | 1,863,445   |
| Cash received from (paid to) employees  | (2,450,186)                                  | 128,963  | (2,321,223) |
| Cash received from other operating receipts   | 3,009,314                                    | 256,369  | 3,265,683   |
| Cash paid to suppliers for services   | (574,949)                                    | (1,915,190)  | (2,490,139) |
| Net cash provided by operating activities   | 279,652                                      | 38,114   | 317,766     |
| Cash flows from noncapital financing activities:  |  |  |             |
| Negative cash balance implicitly financed   | 14,723                                       | -  | 14,723      |
| Cash flows from capital and related financing activities:                                   |  |  |             |
| Acquisition and construction of capital assets  | (35,186)                                     | -  | (35,186)    |
| Repayment of building loan  | (12,172)                                     | -  | (12,172)    |
| Interest paid   | (2,259)                                      | -  | (2,259)     |
| Net cash used by capital and<br>related financing activities                                | (49,617)                                     | -  | (49,617)    |
| Cash flows from investing activities:   |  |  |             |
| Interest received on investments  | -  | 3,298  | 3,298       |
| Net increase in cash and cash equivalents   | 244,758                                      | 41,412   | 286,170     |
| Cash and cash equivalents beginning of year   | (244,758)                                    | 908,989  | 664,231     |
| Cash and cash equivalents end of year   | \$ -   | 950,401  | 950,401     |
| <b>Reconciliation of operating income to net cash<br/>provided by operating activities:</b> |  |  |             |
| Operating income  | 74,898                                       | 26,114   | 101,012     |
| Adjustments to reconcile operating income<br>to net cash provided by operating activities:  |  |  |             |
| Depreciation  | \$ 51,015                                    | -  | 51,015      |
| Changes in assets and liabilities:  |  |  |             |
| Decrease in accounts receivable   | 232,359                                      | -  | 232,359     |
| Increase in due from other governments  | (103,745)                                    | -  | (103,745)   |
| Decrease in lease receivable  | 32,617                                       | -  | 32,617      |
| Decrease in prepaid insurance   | 665  | -  | 665         |
| Increase in accounts payable  | 9,186  | 12,000   | 21,186      |
| Decrease in salaries payable  | (12,767)                                     | -  | (12,767)    |
| Decrease in unearned revenue  | (17,270)                                     | -  | (17,270)    |
| Decrease in due to other governments  | (13,101)                                     | -  | (13,101)    |
| Increase in net OPEB liability  | 24,142                                       | -  | 24,142      |
| Increase in compensated absences  | 1,653  | -  | 1,653       |
| Total adjustments   | 204,754                                      | 12,000   | 216,754     |
| Net cash provided by operating activities   | \$ 279,652                                   | 38,114   | 317,766     |

See notes to financial statements.

Bremer County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2013

**Assets**

Cash, cash equivalents and pooled investments:

|                        |              |
|------------------------|--------------|
| County Treasurer       | \$ 1,147,185 |
| Other County officials | 85,619       |

Receivables:

Property tax:

|            |        |
|------------|--------|
| Delinquent | 55,566 |
|------------|--------|

|                 |            |
|-----------------|------------|
| Succeeding year | 26,160,000 |
|-----------------|------------|

|          |        |
|----------|--------|
| Accounts | 14,932 |
|----------|--------|

|                            |        |
|----------------------------|--------|
| Due from other governments | 31,118 |
|----------------------------|--------|

|                     |                   |
|---------------------|-------------------|
| <b>Total assets</b> | <u>27,494,420</u> |
|---------------------|-------------------|

**Liabilities**

|                  |       |
|------------------|-------|
| Accounts payable | 6,580 |
|------------------|-------|

|                               |        |
|-------------------------------|--------|
| Salaries and benefits payable | 11,172 |
|-------------------------------|--------|

|                          |            |
|--------------------------|------------|
| Due to other governments | 27,388,104 |
|--------------------------|------------|

|                |        |
|----------------|--------|
| Trusts payable | 52,219 |
|----------------|--------|

|                      |        |
|----------------------|--------|
| Compensated absences | 36,345 |
|----------------------|--------|

|                          |                   |
|--------------------------|-------------------|
| <b>Total liabilities</b> | <u>27,494,420</u> |
|--------------------------|-------------------|

|                     |                    |
|---------------------|--------------------|
| <b>Net position</b> | <u><u>\$ -</u></u> |
|---------------------|--------------------|

See notes to financial statements.

Bremer County  
Notes to Financial Statements  
June 30, 2013

**(1) Summary of Significant Accounting Policies**

Bremer County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Bremer County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Bremer County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

**Blended Component Units** – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Bremer County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Bremer County Auditor's Office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Bremer County Assessor's Conference Board, Bremer County Emergency Management Commission and Bremer County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Solid Waste Management Fund is used to account for retained tonnage fees.

The Solid Waste Closure Costs Fund is used to accumulate monies for closure and postclosure care for the closing of the County's landfill.

The County reports the following major proprietary fund:

The Enterprise, Community Based Services Fund is used to finance and account for the operation of mental health facilities for County residents through the rental and use of County owned buildings and the support of various user charges.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

| Asset Class                      | Amount    |
|----------------------------------|-----------|
| Infrastructure                   | \$ 50,000 |
| Land, buildings and improvements | 25,000    |
| Intangibles                      | 5,000     |
| Equipment and vehicles           | 5,000     |

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

| Asset Class           | Estimated Useful lives (In Years) |
|-----------------------|-----------------------------------|
| Buildings             | 40 - 50                           |
| Building improvements | 20 - 50                           |
| Infrastructure        | 30 - 50                           |
| Intangibles           | 3 - 20                            |
| Equipment             | 2 - 20                            |
| Vehicles              | 3 - 10                            |

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Unearned revenue in the Statement of Net Position consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Interfund Balances**

The detail of interfund receivables and payables at June 30, 2013 is as follows:

| Receivable Fund | Payable Fund                            | Amount           |
|-----------------|---|------------------|
| General         | Enterprise:<br>Community Based Services | <u>\$ 14,723</u> |

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

In addition, there is an interfund advance of \$174,095 at June 30, 2013 from the General Fund to the Enterprise, Community Based Services Fund related to the purchase of land and a building. The interfund advance is for a period of fifteen years at an interest rate of 1.25% and requires monthly installments of \$1,202. During the year ended June 30, 2013, the Community Based Services Fund repaid \$12,172 of the advance and interest of \$2,259.

**(4) Economic Development Loan**

In September 1992, the County loaned \$40,000 to a local business. The interest free loan allowed the business to purchase property and requires monthly payments of \$100. The County was repaid \$1,225 during the year ended June 30, 2013, resulting in an unpaid balance of \$7,400 at June 30, 2013.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

| Transfer to                         | Transfer from                      | Amount              |
|-------------------------------------|------------------------------------|---------------------|
| Special Revenue:<br>Secondary Roads | General                            | \$ 174,180          |
|                                     | Special Revenue:<br>Rural Services | <u>1,509,574</u>    |
| Total                               |                                    | <u>\$ 1,683,754</u> |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

|   | Balance<br>Beginning<br>of Year | Increases | Decreases   | Balance<br>End<br>of Year |
|---|---------------------------------|-----------|-------------|---------------------------|
| <b>Governmental activities:</b>             |                                 |           |             |                           |
| Capital assets not being depreciated:       |                                 |           |             |                           |
| Land  | \$ 1,358,404                    | 40,000    | -           | 1,398,404                 |
| Construction in progress, road network      | 2,575,982                       | 626,841   | (2,921,623) | 281,200                   |
| Total capital assets not being depreciated  | 3,934,386                       | 666,841   | (2,921,623) | 1,679,604                 |
| Capital assets being depreciated:           |                                 |           |             |                           |
| Buildings                                   | 8,137,987                       | 25,000    | -           | 8,162,987                 |
| Equipment and vehicles                      | 6,218,367                       | 286,783   | (146,147)   | 6,359,003                 |
| Infrastructure, road network                | 28,361,326                      | 2,921,623 | -           | 31,282,949                |
| Infrastructure, other                       | 1,488,684                       | -         | -           | 1,488,684                 |
| Total capital assets being depreciated      | 44,206,364                      | 3,233,406 | (146,147)   | 47,293,623                |
| Less accumulated depreciation for:          |                                 |           |             |                           |
| Buildings                                   | 2,033,604                       | 139,750   | -           | 2,173,354                 |
| Equipment and vehicles                      | 4,694,057                       | 230,173   | (135,360)   | 4,788,870                 |
| Infrastructure, road network                | 13,944,297                      | 1,002,015 | -           | 14,946,312                |
| Infrastructure, other                       | 148,869                         | 68,143    | -           | 217,012                   |
| Total accumulated depreciation              | 20,820,827                      | 1,440,081 | (135,360)   | 22,125,548                |
| Total capital assets being depreciated, net | 23,385,537                      | 1,793,325 | (10,787)    | 25,168,075                |
| Governmental activities capital assets, net | \$ 27,319,923                   | 2,460,166 | (2,932,410) | 26,847,679                |
| <b>Business type activities:</b>            |                                 |           |             |                           |
| Capital assets not being depreciated:       |                                 |           |             |                           |
| Land  | \$ 35,238                       | -         | -           | 35,238                    |
| Capital assets being depreciated:           |                                 |           |             |                           |
| Buildings                                   | 652,442                         | -         | -           | 652,442                   |
| Equipment and vehicles                      | 126,166                         | 35,186    | -           | 161,352                   |
| Total capital assets being depreciated      | 778,608                         | 35,186    | -           | 813,794                   |
| Less accumulated depreciation for:          |                                 |           |             |                           |
| Buildings                                   | 299,071                         | 26,565    | -           | 325,636                   |
| Equipment and vehicles                      | 97,437                          | 24,450    | -           | 121,887                   |
| Total accumulated depreciation              | 396,508                         | 51,015    | -           | 447,523                   |
| Governmental activities capital assets, net | \$ 417,338                      | (15,829)  | -           | 401,509                   |

Depreciation expense was charged to the following functions:

|  |              |
|--|--------------|
| Governmental activities:                             |              |
| Public safety and legal services                     | \$ 114,007   |
| Physical health and social services                  | 1,671        |
| Mental health  | 7,442        |
| County environment and education                     | 95,656       |
| Roads and transportation                             | 1,139,503    |
| Governmental services to residents                   | 64,490       |
| Administration                                       | 17,312       |
| Total depreciation expense - governmental activities | \$ 1,440,081 |
| Business type activities:                            |              |
| Community based services                             | \$ 51,015    |

**(7) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2013 is as follows:

| Fund                             | Description | Amount               |
|----------------------------------|-------------|----------------------|
| General                          | Services    | \$ 18,944            |
| Special Revenue:                 |             |                      |
| Mental Health                    | Services    | 12,860               |
| Secondary Roads                  | Services    | 479                  |
| Solid Waste Management           | Services    | 4,263                |
|                                  |             | <u>17,602</u>        |
| Total for governmental funds     |             | <u>\$ 36,546</u>     |
| Agency:                          |             |                      |
| Agricultural Extension Education | Collections | \$ 200,832           |
| County Assessor                  |             | 665,356              |
| Schools                          |             | 14,987,226           |
| Community Colleges               |             | 1,011,935            |
| Corporations                     |             | 9,422,050            |
| Townships                        |             | 276,110              |
| Auto License and Use Tax         |             | 558,208              |
| All other                        |             | 266,387              |
| Total for agency funds           |             | <u>\$ 27,388,104</u> |

**(8) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

|                           | Governmental Activities                     |                     |                              |  |                          |                  |
|---------------------------|---|---------------------|------------------------------|--|--------------------------|------------------|
|                           | General<br>Obligation<br>Refunding<br>Bonds | Early<br>Retirement | Compen-<br>sated<br>Absences | Estimated<br>Liability<br>for Landfill<br>Closure and<br>Postclosure<br>Care | Net<br>OPEB<br>Liability | Total            |
| Balance beginning of year | \$ 3,130,000                                | 4,783               | 441,269                      | 581,700  | 260,906                  | 4,418,658        |
| Increases                 | -   | 9,368               | 365,712                      | -  | 72,428                   | 447,508          |
| Decreases                 | 255,000                                     | 6,416               | 352,963                      | 5,642  | -                        | 620,021          |
| Balance end of year       | <u>\$ 2,875,000</u>                         | <u>7,735</u>        | <u>454,018</u>               | <u>576,058</u>   | <u>333,334</u>           | <u>4,246,145</u> |
| Due within one year       | <u>\$ 265,000</u>                           | <u>3,772</u>        | <u>338,315</u>               | <u>-</u>   | <u>-</u>                 | <u>607,087</u>   |

|  | Business Type Activities     |                          |                |
|--|------------------------------|--------------------------|----------------|
|  | Compen-<br>sated<br>Absences | Net<br>OPEB<br>Liability | Total          |
| Balance beginning of year, as restated | \$ 116,562                   | 86,969                   | 203,531        |
| Increases                              | 85,463                       | 24,142                   | 109,605        |
| Decreases                              | 83,810                       | -                        | 83,810         |
| Balance end of year                    | <u>\$ 118,215</u>            | <u>111,111</u>           | <u>229,326</u> |
| Due within one year                    | <u>\$ 92,514</u>             | <u>-</u>                 | <u>92,514</u>  |

### General Obligation Refunding Bonds

In June 2011, the County issued \$3,130,000 of general obligation refunding bonds with interest at rates ranging from .75% to 3.10% per annum. Proceeds from the bonds, along with \$1,050,000 the County had set aside, were used to refund the outstanding LOST and Wartburg general obligation bonds in June 2012.

A summary of the County's June 30, 2013 outstanding general obligation refunding bonds is as follows:

| Year<br>Ending<br>June 30, | Interest<br>Rates | Principal    | Interest | Total     |
|----------------------------|-------------------|--------------|----------|-----------|
| 2014                       | 1.00%             | \$ 265,000   | 61,830   | 326,830   |
| 2015                       | 1.30              | 265,000      | 59,180   | 324,180   |
| 2016                       | 1.50              | 265,000      | 55,735   | 320,735   |
| 2017                       | 1.80              | 275,000      | 51,760   | 326,760   |
| 2018                       | 2.10              | 275,000      | 46,810   | 321,810   |
| 2019-2023                  | 2.30-3.10         | 1,530,000    | 117,390  | 1,647,390 |
| Total                      |                   | \$ 2,875,000 | 392,705  | 3,267,705 |

### **(9) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$621,735, \$584,015 and \$487,013, respectively, equal to the required contributions for each year.

### **(10) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 679 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/ machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of

membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2013 were \$121,791.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by the Lexington Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through the purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2013 was \$1,567,972.

Amounts payable from the Employee Group Health Fund at June 30, 2013 total \$204,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$748,787 at June 30, 2013 and is reported as a designation of the Internal Service, Employee Group Health Fund net position. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

|   |                          |
|---|--------------------------|
| Unpaid claims beginning of year   | \$ 192,000               |
| Incurred claims (including claims incurred but not reported at June 30, 2013) | 1,367,848                |
| Payments on claims during the year  | <u>(1,355,848)</u>       |
| Unpaid claims end of year   | <u><u>\$ 204,000</u></u> |

**(12) Landfill Closure and Postclosure Care**

To comply with federal and state regulations, the County's Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for the County's Landfill have been estimated at \$576,058 as of June 30, 2013 and the portion of the liability that has been recognized is \$576,058. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a transfer station instead of constructing new cells. The Landfill plans to maintain its recycling program and will use existing resources to finance these activities. A provision for the above liability has been made in the County's Statement of Net Position as of June 30, 2013. The County has accumulated resources to fund these costs and, at June 30, 2013, deposits of \$1,479,326 are held for these purposes. These resources are reported in the Special Revenue, Solid Waste Closure Fund.

### **(13) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 149 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

|  |                   |
|--|-------------------|
| Annual required contribution               | \$ 112,357        |
| Interest on net OPEB obligation            | 8,691             |
| Adjustment to annual required contribution | <u>(24,424)</u>   |
| Annual OPEB cost                           | 96,624            |
| Contributions made                         | <u>(54)</u>       |
| Increase in net OPEB obligation            | 96,570            |
| Net OPEB obligation beginning of year      | <u>347,875</u>    |
| Net OPEB obligation end of year            | <u>\$ 444,445</u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County contributed \$54 to the medical plan. Plan members eligible for benefits did not make any contributions.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

| Year Ended<br>June 30, | Annual<br>OPEB Cost | Percentage of<br>Annual OPEB<br>Cost Contributed | Net<br>OPEB<br>Obligation |
|------------------------|---------------------|--|---------------------------|
| 2011                   | \$ 90,909           | 5.8%   | \$ 253,011                |
| 2012                   | 100,780             | 5.9  | 347,875                   |
| 2013                   | 96,624              | 0.1  | 444,445                   |

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$799,188, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$799,188. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,059,000 and the ratio of the UAAL to covered payroll was 11.33%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual and ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$528 per month. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(14) Retirement Facility Revenue Bonds**

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2013, the outstanding balance of the retirement facility revenue bonds is \$14,660,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

**(15) Litigation**

The County is subject to pending litigation. The County is aggressively defending a case which, if not successful, could result in a loss of approximately \$500,000, including plaintiff legal fees. The County carries insurance to cover such losses in excess of \$10,000.

### **Required Supplementary Information**

Bremer County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2013

|   | Actual        | Less<br>Funds not<br>Required to<br>be Budgeted | Net        |
|---|---------------|---|------------|
| Receipts:   |               |   |            |
| Property and other county tax   | \$ 7,915,534  | -   | 7,915,534  |
| Interest and penalty on property tax  | 41,207        | -   | 41,207     |
| Intergovernmental   | 3,821,132     | -   | 3,821,132  |
| Licenses and permits  | 290,251       | -   | 290,251    |
| Charges for service   | 848,298       | -   | 848,298    |
| Use of money and property   | 323,913       | -   | 323,913    |
| Miscellaneous   | 616,532       | -   | 616,532    |
| Total receipts  | 13,856,867    | -   | 13,856,867 |
| Disbursements:  |               |   |            |
| Public safety and legal services  | 3,374,887     | -   | 3,374,887  |
| Physical health and social services   | 664,348       | -   | 664,348    |
| Mental health   | 1,535,301     | -   | 1,535,301  |
| County environment and education  | 1,128,881     | -   | 1,128,881  |
| Roads and transportation  | 4,219,493     | -   | 4,219,493  |
| Governmental services to residents  | 669,273       | -   | 669,273    |
| Administration  | 1,387,576     | -   | 1,387,576  |
| Nonprogram  | 39,312        | -   | 39,312     |
| Debt service  | 319,243       | -   | 319,243    |
| Capital projects  | 611,799       | -   | 611,799    |
| Total disbursements   | 13,950,113    | -   | 13,950,113 |
| Excess (deficiency) of receipts<br>over (under) disbursements   | (93,246)      | -   | (93,246)   |
| Other financing sources (uses), net   | 284,957       | -   | 284,957    |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | 191,711       | -   | 191,711    |
| Balance beginning of year   | 10,813,495    | 2,719   | 10,810,776 |
| Balance end of year   | \$ 11,005,206 | 2,719   | 11,002,487 |

See accompanying independent auditor's report.

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| Budgeted Amounts |             | Final to    |
|------------------|-------------|-------------|
| Original         | Final       | Net         |
|                  |             | Variance    |
| 7,975,158        | 7,975,158   | (59,624)    |
| 14,000           | 14,000      | 27,207      |
| 5,045,974        | 5,055,974   | (1,234,842) |
| 278,050          | 278,050     | 12,201      |
| 794,130          | 795,330     | 52,968      |
| 288,710          | 288,710     | 35,203      |
| 317,737          | 378,390     | 238,142     |
| 14,713,759       | 14,785,612  | (928,745)   |
| 3,536,198        | 3,531,198   | 156,311     |
| 487,243          | 733,183     | 68,835      |
| 2,431,916        | 2,434,080   | 898,779     |
| 1,294,426        | 1,294,426   | 165,545     |
| 4,289,200        | 4,289,200   | 69,707      |
| 711,395          | 714,672     | 45,399      |
| 1,436,507        | 1,536,241   | 148,665     |
| 83,000           | 91,400      | 52,088      |
| 319,743          | 319,743     | 500         |
| 1,440,000        | 1,787,239   | 1,175,440   |
| 16,029,628       | 16,731,382  | 2,781,269   |
| (1,315,869)      | (1,945,770) | 1,852,524   |
| 750              | (450)       | 285,407     |
| (1,315,119)      | (1,946,220) | 2,137,931   |
| 9,990,635        | 10,975,018  | (164,242)   |
| 8,675,516        | 9,028,798   | 1,973,689   |

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Bremer County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2013

|                              | Governmental Funds |                             |                              |
|------------------------------|--------------------|-----------------------------|------------------------------|
|                              | Cash<br>Basis      | Accrual<br>Adjust-<br>ments | Modified<br>Accrual<br>Basis |
| Revenues                     | \$ 13,856,867      | (47,454)                    | 13,809,413                   |
| Expenditures                 | 13,950,113         | (492,169)                   | 13,457,944                   |
| Net                          | (93,246)           | 444,715                     | 351,469                      |
| Other financing sources, net | 284,957            | (284,957)                   | -                            |
| Beginning fund balances      | 10,813,495         | 650,885                     | 11,464,380                   |
| Ending fund balances         | \$ 11,005,206      | 810,643                     | 11,815,849                   |

See accompanying independent auditor's report.

Bremer County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$701,754. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2013, disbursements did not exceed the amounts budgeted.

Bremer County  
Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

| Year<br>Ended<br>June 30, | Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|---------------------------|--------------------------------|--|---|--------------------------------------|--------------------------|---------------------------|---|
| 2009                      | Jul 1, 2008                    | -                                      | \$ 670  | 670                                  | 0.00%                    | \$ 5,670                  | 11.75%  |
| 2010                      | Jul 1, 2008                    | -                                      | 670   | 670                                  | 0.00                     | 5,670                     | 11.75   |
| 2011                      | Jul 1, 2008                    | -                                      | 650   | 650                                  | 0.00                     | 6,087                     | 10.66   |
| 2012                      | Jul 1, 2011                    | -                                      | 800   | 800                                  | 0.00                     | 7,051                     | 11.33   |
| 2013                      | Jul 1, 2011                    | -                                      | 800   | 800                                  | 0.00                     | 7,059                     | 11.33   |

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

### **Other Supplementary Information**

Bremer County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2013

|   | Special                                       |  |                          |                             |                                      |                     |
|---|---|--|--------------------------|-----------------------------|--------------------------------------|---------------------|
|   | County<br>Recorder's<br>Records<br>Management | Resource<br>Enhancement<br>and<br>Protection | Federal<br>Drug<br>Money | Tri-County<br>Drug<br>Money | Economic<br>Development<br>Revolving | Rural<br>Enterprise |
| <b>Assets</b>                                 |   |  |                          |                             |                                      |                     |
| Cash, cash equivalents and pooled investments | \$ 12,118                                     | 39,879                                       | 3,100                    | 37,725                      | 123,430                              | 26,602              |
| Receivables:                                  |   |  |                          |                             |                                      |                     |
| Succeeding year tax increment financing       | -   | -  | -                        | -                           | -                                    | -                   |
| Accounts                                      | -   | -  | -                        | -                           | -                                    | -                   |
| Economic development loan                     | -   | -  | -                        | -                           | -                                    | 7,400               |
| Accrued interest                              | -   | -  | -                        | -                           | -                                    | -                   |
| Due from other governments                    | -   | -  | -                        | -                           | -                                    | -                   |
| <b>Total assets</b>                           | <b>\$ 12,118</b>                              | <b>39,879</b>                                | <b>3,100</b>             | <b>37,725</b>               | <b>123,430</b>                       | <b>34,002</b>       |
| <b>Liabilities and Fund Balances</b>          |   |  |                          |                             |                                      |                     |
| Liabilities:                                  |   |  |                          |                             |                                      |                     |
| Accounts payable                              | \$ -  | -  | -                        | -                           | -                                    | -                   |
| Due to other funds                            | -   | -  | -                        | -                           | -                                    | -                   |
| Deferred revenue:                             |   |  |                          |                             |                                      |                     |
| Succeeding year tax increment financing       | -   | -  | -                        | -                           | -                                    | -                   |
| Other   | -   | -  | -                        | -                           | -                                    | 7,400               |
| Total liabilities                             | -   | -  | -                        | -                           | -                                    | 7,400               |
| Fund balances:                                |   |  |                          |                             |                                      |                     |
| Restricted for other purposes                 | 12,118  | 39,879                                       | 3,100                    | 37,725                      | 123,430                              | 26,602              |
| Total liabilities and fund balances           | <b>\$ 12,118</b>                              | <b>39,879</b>                                | <b>3,100</b>             | <b>37,725</b>               | <b>123,430</b>                       | <b>34,002</b>       |

See accompanying independent auditor's report.

| Revenue                         |                  |                       |                         |                               |                                  |                       |                                  | Capital<br>Projects         | Total     |
|---------------------------------|------------------|-----------------------|-------------------------|-------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------------|-----------|
| Local<br>Option<br>Sales<br>Tax | Urban<br>Renewal | Solid<br>Waste<br>Fee | Sheriff's<br>Commissary | HHM<br>Financial<br>Assurance | Convenience<br>Center<br>Closure | Drainage<br>Districts | County<br>Attorney<br>Forfeiture | Rolling<br>Prairie<br>Trail |           |
| 1,211,543                       | 5,888            | 3,292                 | 126,979                 | 3,000                         | 4,000                            | 2,719                 | -                                | 45,105                      | 1,645,380 |
| -                               | 194,000          | -                     | -                       | -                             | -                                | -                     | -                                | -                           | 194,000   |
| -                               | -                | -                     | 3,780                   | -                             | -                                | -                     | -                                | -                           | 3,780     |
| -                               | -                | -                     | -                       | -                             | -                                | -                     | -                                | -                           | 7,400     |
| 703                             | -                | -                     | -                       | -                             | -                                | -                     | -                                | -                           | 703       |
| 140,491                         | -                | -                     | -                       | -                             | -                                | -                     | 725                              | -                           | 141,216   |
| 1,352,737                       | 199,888          | 3,292                 | 130,759                 | 3,000                         | 4,000                            | 2,719                 | 725                              | 45,105                      | 1,992,479 |
| -                               | -                | -                     | 1,285                   | -                             | -                                | -                     | -                                | -                           | 1,285     |
| -                               | -                | -                     | -                       | -                             | -                                | -                     | -                                | -                           | -         |
| -                               | 194,000          | -                     | -                       | -                             | -                                | -                     | -                                | -                           | 194,000   |
| -                               | -                | -                     | -                       | -                             | -                                | -                     | -                                | -                           | 7,400     |
| -                               | 194,000          | -                     | 1,285                   | -                             | -                                | -                     | -                                | -                           | 202,685   |
| 1,352,737                       | 5,888            | 3,292                 | 129,474                 | 3,000                         | 4,000                            | 2,719                 | 725                              | 45,105                      | 1,789,794 |
| 1,352,737                       | 199,888          | 3,292                 | 130,759                 | 3,000                         | 4,000                            | 2,719                 | 725                              | 45,105                      | 1,992,479 |

Bremer County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2013

|  | Special    |                |         |            |             |            |
|--|------------|----------------|---------|------------|-------------|------------|
|  | County     |                |         |            |             |            |
|  | Recorder's | Resource       | Federal | Tri-County | Economic    | Rural      |
|  | Records    | Enhancement    | Drug    | Drug       | Development | Enterprise |
|  | Management | and Protection | Money   | Money      | Revolving   |            |
| Revenues:  |            |                |         |            |             |            |
| Local option sales tax                                       | \$ -       | -              | -       | -          | -           | -          |
| Tax increment financing                                      | -          | -              | -       | -          | -           | -          |
| Intergovernmental  | -          | 12,421         | -       | 4          | -           | -          |
| Charges for service  | 5,776      | -              | -       | -          | -           | -          |
| Use of money and property                                    | 20         | 50             | 4       | 59         | 265         | -          |
| Miscellaneous  | -          | -              | -       | -          | 2,800       | 1,225      |
| Total revenues   | 5,796      | 12,471         | 4       | 63         | 3,065       | 1,225      |
| Expenditures:  |            |                |         |            |             |            |
| Operating:   |            |                |         |            |             |            |
| Public safety and legal services                             | -          | -              | -       | 2,832      | -           | -          |
| County environment and education                             | -          | 4,352          | -       | -          | -           | -          |
| Governmental services to residents                           | -          | -              | -       | -          | -           | -          |
| Debt service   | -          | -              | -       | -          | -           | -          |
| Capital projects   | -          | -              | -       | -          | -           | -          |
| Total expenditures   | -          | 4,352          | -       | 2,832      | -           | -          |
| Excess (deficiency) of revenues over<br>(under) expenditures | 5,796      | 8,119          | 4       | (2,769)    | 3,065       | 1,225      |
| Change in fund balances                                      | 5,796      | 8,119          | 4       | (2,769)    | 3,065       | 1,225      |
| Fund balances beginning of year                              | 6,322      | 31,760         | 3,096   | 40,494     | 120,365     | 25,377     |
| Fund balances end of year                                    | \$ 12,118  | 39,879         | 3,100   | 37,725     | 123,430     | 26,602     |

See accompanying independent auditor's report.

| Revenue   |         |              |         |            |           |             |           |            |        | Capital Projects |           |
|-----------|---------|--------------|---------|------------|-----------|-------------|-----------|------------|--------|------------------|-----------|
| Local     |         | Recorder's   | Solid   |            | HHM       | Convenience |           | County     |        | Rolling          |           |
| Option    | Urban   | Electronic   | Waste   | Sheriff's  | Financial | Center      | Drainage  | Attorney   |        | Prairie          |           |
| Sales     | Renewal | Transactions | Fee     | Commissary | Assurance | Closure     | Districts | Forfeiture |        | Trail            | Total     |
| Tax       |         |              |         |            |           |             |           |            |        |                  |           |
| 854,440   | -       | -            | -       | -          | -         | -           | -         | -          | -      | -                | 854,440   |
| -         | 168,581 | -            | -       | -          | -         | -           | -         | -          | -      | -                | 168,581   |
| -         | -       | -            | 1,125   | -          | -         | -           | -         | -          | -      | -                | 13,550    |
| -         | -       | -            | -       | -          | -         | -           | -         | -          | -      | -                | 5,776     |
| 7,214     | 175     | -            | -       | 33,854     | -         | -           | -         | -          | -      | -                | 41,641    |
| -         | -       | -            | -       | -          | -         | -           | -         | 725        | -      | -                | 4,750     |
| 861,654   | 168,756 | -            | 1,125   | 33,854     | -         | -           | -         | 725        | -      | -                | 1,088,738 |
|           |         |              |         |            |           |             |           |            |        |                  |           |
| -         | -       | -            | -       | 19,455     | -         | -           | -         | -          | -      | -                | 22,287    |
| -         | -       | -            | 8,000   | -          | -         | -           | -         | -          | -      | -                | 12,352    |
| -         | -       | 26           | -       | -          | -         | -           | -         | -          | -      | -                | 26        |
| 150,739   | 168,503 | -            | -       | -          | -         | -           | -         | -          | -      | -                | 319,242   |
| 452,227   | -       | -            | -       | -          | -         | -           | -         | -          | -      | -                | 452,227   |
| 602,966   | 168,503 | 26           | 8,000   | 19,455     | -         | -           | -         | -          | -      | -                | 806,134   |
|           |         |              |         |            |           |             |           |            |        |                  |           |
| 258,688   | 253     | (26)         | (6,875) | 14,399     | -         | -           | -         | 725        | -      | -                | 282,604   |
|           |         |              |         |            |           |             |           |            |        |                  |           |
| 258,688   | 253     | (26)         | (6,875) | 14,399     | -         | -           | -         | 725        | -      | -                | 282,604   |
| 1,094,049 | 5,635   | 26           | 10,167  | 115,075    | 3,000     | 4,000       | 2,719     | -          | 45,105 | 1,507,190        |           |
| 1,352,737 | 5,888   | -            | 3,292   | 129,474    | 3,000     | 4,000       | 2,719     | 725        | 45,105 | 1,789,794        |           |

Bremer County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

|                               | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools           |
|-------------------------------|-------------------|--|--------------------|-------------------|
| <b>Assets</b>                 |                   |  |                    |                   |
| Cash and pooled investments:  |                   |  |                    |                   |
| County Treasurer              | \$ -              | 1,302                                  | 238,939            | 87,802            |
| Other County officials        | 85,619            | -                                      | -                  | -                 |
| Receivables:                  |                   |  |                    |                   |
| Property tax:                 |                   |  |                    |                   |
| Delinquent                    | -                 | 530                                    | 1,068              | 35,424            |
| Succeeding year               | -                 | 199,000                                | 462,000            | 14,864,000        |
| Accounts                      | 518               | -                                      | -                  | -                 |
| Due from other governments    | -                 | -                                      | -                  | -                 |
| <b>Total assets</b>           | <b>\$ 86,137</b>  | <b>200,832</b>                         | <b>702,007</b>     | <b>14,987,226</b> |
| <b>Liabilities</b>            |                   |  |                    |                   |
| Accounts payable              | \$ -              | -                                      | 329                | -                 |
| Salaries and benefits payable | -                 | -                                      | 9,149              | -                 |
| Due to other governments      | 33,918            | 200,832                                | 665,356            | 14,987,226        |
| Trusts payable                | 52,219            | -                                      | -                  | -                 |
| Compensated absences          | -                 | -                                      | 27,173             | -                 |
| <b>Total liabilities</b>      | <b>\$ 86,137</b>  | <b>200,832</b>                         | <b>702,007</b>     | <b>14,987,226</b> |

See accompanying independent auditor's report.

| Community<br>Colleges | Corpor-<br>ations | Townships | Auto<br>License<br>and<br>Use Tax | City<br>Special<br>Assessments | Other   | Total      |
|-----------------------|-------------------|-----------|-----------------------------------|--------------------------------|---------|------------|
| 6,405                 | 50,899            | 2,256     | 558,208                           | 3,943                          | 197,431 | 1,147,185  |
| -                     | -                 | -         | -                                 | -                              | -       | 85,619     |
| 2,530                 | 15,151            | 854       | -                                 | -                              | 9       | 55,566     |
| 1,003,000             | 9,356,000         | 273,000   | -                                 | -                              | 3,000   | 26,160,000 |
| -                     | -                 | -         | -                                 | -                              | 14,414  | 14,932     |
| -                     | -                 | -         | -                                 | -                              | 31,118  | 31,118     |
| 1,011,935             | 9,422,050         | 276,110   | 558,208                           | 3,943                          | 245,972 | 27,494,420 |
| -                     | -                 | -         | -                                 | -                              | 6,251   | 6,580      |
| -                     | -                 | -         | -                                 | -                              | 2,023   | 11,172     |
| 1,011,935             | 9,422,050         | 276,110   | 558,208                           | 3,943                          | 228,526 | 27,388,104 |
| -                     | -                 | -         | -                                 | -                              | -       | 52,219     |
| -                     | -                 | -         | -                                 | -                              | 9,172   | 36,345     |
| 1,011,935             | 9,422,050         | 276,110   | 558,208                           | 3,943                          | 245,972 | 27,494,420 |

Bremer County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2013

|                                    | County<br>Offices | Agricultural<br>Extension<br>Education | County<br>Assessor | Schools    |
|------------------------------------|-------------------|--|--------------------|------------|
| <b>Assets and Liabilities</b>      |                   |  |                    |            |
| Balances beginning of year         | \$ 64,015         | 201,997                                | 725,603            | 13,790,529 |
| Additions:                         |                   |  |                    |            |
| Property and other county tax      | -                 | 199,176                                | 462,221            | 14,874,323 |
| E911 surcharges                    | -                 | -                                      | -                  | -          |
| State tax credits                  | -                 | 7,585                                  | 15,290             | 508,910    |
| Office fees and collections        | 666,905           | -                                      | -                  | -          |
| Assessments                        | -                 | -                                      | -                  | -          |
| Auto licenses, use tax and postage | -                 | -                                      | -                  | -          |
| Trusts                             | 257,139           | -                                      | -                  | -          |
| Miscellaneous                      | -                 | -                                      | 708                | -          |
| Total additions                    | 924,044           | 206,761                                | 478,219            | 15,383,233 |
| Deductions:                        |                   |  |                    |            |
| Agency remittances:                |                   |  |                    |            |
| To other funds                     | 306,169           | -                                      | -                  | -          |
| To other governments               | 347,421           | 207,926                                | 501,815            | 14,186,536 |
| Trusts paid out                    | 248,332           | -                                      | -                  | -          |
| Total deductions                   | 901,922           | 207,926                                | 501,815            | 14,186,536 |
| Balances end of year               | \$ 86,137         | 200,832                                | 702,007            | 14,987,226 |

See accompanying independent auditor's report.

| Community<br>Colleges | Corpora-<br>tions | Townships | Auto<br>License<br>and<br>Use Tax | City<br>Special<br>Assessments | Other   | Total      |
|-----------------------|-------------------|-----------|-----------------------------------|--------------------------------|---------|------------|
| 991,469               | 9,130,176         | 278,994   | 583,642                           | 7,095                          | 255,723 | 26,029,243 |
| 1,003,286             | 9,246,305         | 276,075   | -                                 | -                              | 3,283   | 26,064,669 |
| -                     | -                 | -         | -                                 | -                              | 153,513 | 153,513    |
| 36,330                | 247,282           | 11,191    | -                                 | -                              | 125     | 826,713    |
| -                     | -                 | -         | -                                 | -                              | -       | 666,905    |
| -                     | -                 | -         | -                                 | 41,359                         | -       | 41,359     |
| -                     | -                 | -         | 7,479,932                         | -                              | -       | 7,479,932  |
| -                     | -                 | -         | -                                 | -                              | -       | 257,139    |
| -                     | -                 | -         | -                                 | -                              | 281,734 | 282,442    |
| 1,039,616             | 9,493,587         | 287,266   | 7,479,932                         | 41,359                         | 438,655 | 35,772,672 |
| -                     | -                 | -         | 253,835                           | -                              | -       | 560,004    |
| 1,019,150             | 9,201,713         | 290,150   | 7,251,531                         | 44,511                         | 448,406 | 33,499,159 |
| -                     | -                 | -         | -                                 | -                              | -       | 248,332    |
| 1,019,150             | 9,201,713         | 290,150   | 7,505,366                         | 44,511                         | 448,406 | 34,307,495 |
| 1,011,935             | 9,422,050         | 276,110   | 558,208                           | 3,943                          | 245,972 | 27,494,420 |

Bremer County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

|                                      | 2013                 | 2012              | 2011              | 2010              |
|--------------------------------------|----------------------|-------------------|-------------------|-------------------|
| Revenues:                            |                      |                   |                   |                   |
| Property and other county tax        | \$ 7,058,109         | 6,672,040         | 6,704,917         | 7,050,480         |
| Local option sales tax               | 854,440              | 942,884           | 838,622           | 882,241           |
| Interest and penalty on property tax | 41,207               | 45,109            | 51,494            | 49,598            |
| Intergovernmental                    | 3,776,475            | 5,159,518         | 5,576,557         | 5,338,817         |
| Licenses and permits                 | 288,265              | 265,163           | 249,392           | 310,690           |
| Charges for service                  | 834,796              | 816,949           | 654,575           | 633,558           |
| Use of money and property            | 311,337              | 313,573           | 419,978           | 592,226           |
| Miscellaneous                        | 644,784              | 691,414           | 293,070           | 493,904           |
| Total                                | <u>\$ 13,809,413</u> | <u>14,906,650</u> | <u>14,788,605</u> | <u>15,351,514</u> |
| Expenditures:                        |                      |                   |                   |                   |
| Operating:                           |                      |                   |                   |                   |
| Public safety and legal services     | \$ 3,386,657         | 3,103,537         | 3,025,586         | 2,870,066         |
| Physical health and social services  | 668,276              | 408,499           | 353,889           | 562,968           |
| Mental health                        | 1,275,171            | 2,690,714         | 2,106,996         | 2,005,729         |
| County environment and education     | 1,125,851            | 1,104,944         | 1,265,032         | 1,108,565         |
| Roads and transportation             | 4,025,290            | 4,361,680         | 4,275,762         | 3,709,169         |
| Governmental services to residents   | 667,817              | 665,843           | 585,422           | 647,335           |
| Administration                       | 1,367,657            | 1,474,736         | 1,429,517         | 1,570,439         |
| Nonprogram                           | 40,312               | 36,532            | 29,410            | 74,016            |
| Debt service                         | 319,242              | 4,572,915         | 516,907           | 465,060           |
| Capital projects                     | 581,671              | 1,235,726         | 1,291,301         | 624,698           |
| Total                                | <u>\$ 13,457,944</u> | <u>19,655,126</u> | <u>14,879,822</u> | <u>13,638,045</u> |

See accompanying independent auditor's report.

| Modified Accrual Basis |            |            |            |            |            |
|------------------------|------------|------------|------------|------------|------------|
| 2009                   | 2008       | 2007       | 2006       | 2005       | 2004       |
| 6,860,989              | 6,413,595  | 6,129,820  | 5,628,576  | 5,280,083  | 4,675,002  |
| 857,459                | 854,683    | 748,591    | 655,722    | 772,738    | 532,783    |
| 45,661                 | 47,639     | 49,600     | 40,636     | 42,804     | 44,451     |
| 5,553,202              | 4,582,053  | 3,648,166  | 3,731,301  | 4,880,199  | 3,644,926  |
| 288,404                | 247,059    | 322,052    | 221,814    | 200,170    | 155,811    |
| 661,815                | 901,004    | 1,231,011  | 1,184,065  | 1,229,355  | 1,274,480  |
| 767,094                | 572,348    | 376,759    | 317,050    | 266,886    | 223,839    |
| 319,345                | 324,838    | 458,717    | 369,022    | 298,883    | 373,885    |
| 15,353,969             | 13,943,219 | 12,964,716 | 12,148,186 | 12,971,118 | 10,925,177 |
| 2,826,284              | 2,697,168  | 2,511,977  | 2,313,922  | 1,953,695  | 1,890,744  |
| 577,372                | 547,100    | 534,235    | 512,458    | 465,340    | 483,770    |
| 2,219,420              | 1,992,300  | 1,728,055  | 1,567,486  | 1,416,369  | 1,531,881  |
| 1,656,288              | 1,313,002  | 1,134,194  | 1,138,378  | 3,177,166  | 1,281,420  |
| 3,430,498              | 3,432,671  | 3,521,063  | 3,569,534  | 3,401,696  | 3,377,603  |
| 613,004                | 527,507    | 573,163    | 382,663    | 462,790    | 457,446    |
| 1,378,310              | 1,335,826  | 1,294,252  | 1,666,265  | 1,002,011  | 1,081,711  |
| 170,654                | -          | -          | -          | 3,991      | -          |
| 476,511                | 763,447    | 689,851    | 713,348    | 700,218    | 965,218    |
| 519,651                | 1,469,981  | 338,574    | 1,168,136  | 3,001,102  | 1,994,118  |
| 13,867,992             | 14,079,002 | 12,325,364 | 13,032,190 | 15,584,378 | 13,063,911 |

**Bremer County**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Bremer County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bremer County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bremer County's internal control. Accordingly, we do not express an opinion on the effectiveness of Bremer County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (K) to be significant deficiencies.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bremer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


## Bremer County's Responses to the Findings

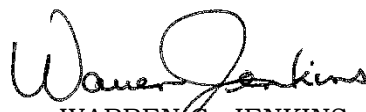
Bremer County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Bremer County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bremer County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 27, 2014

Bremer County

Schedule of Findings

Year ended June 30, 2013

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

|   | Applicable<br>Offices  |
|---|--|
| (1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.  | Treasurer,<br>Community Based<br>Services, Recorder<br>and County Extension<br>Office          |
| (2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.  | Sheriff, Treasurer,<br>Community Based<br>Services, Recorder<br>and County Extension<br>Office |
| (3) Bank reconciliations are not reviewed periodically by an independent person for propriety.  | Sheriff, Treasurer and<br>Recorder   |
| (4) The person who signs checks is not independent of the individual who records cash receipts and prepares checks.   | Sheriff, Treasurer and<br>Recorder   |
| (5) An accounting procedures manual has not been prepared.  | Sheriff, Treasurer and<br>Recorder   |
| (6) Investments – custody and accounting.   | Treasurer  |
| (7) All incoming mail is opened by an employee who is authorized to make entries to the accounting records. An independent employee does not prepare a listing of cash and checks received. | Treasurer,<br>Community Based<br>Services and Recorder   |
| (8) Payroll – No independent review is performed.   | County Extension<br>Office   |

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. Each official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be documented by the signature or initials of the reviewer and the date of the review.

Bremer County  
Schedule of Findings  
Year ended June 30, 2013

Responses –

County Treasurer – The County Treasurer will review the internal control deficiencies within the Treasurer's Office to obtain the maximum internal control possible with the limited number of office employees. With a limited number of staff, the segregation of duties is almost impossible.

Due to limited staff, we do have in place a couple of internal control procedures for processing receipts. A receipt is printed for all voided transactions. Each department is required to have a check register with each receipt.

Limited staff makes segregating bank reconciliation duties difficult but we will implement a new procedure where the statements are reconciled by staff or an independent employee who does not write checks or make deposits. A listing of all bank balances is presented to the Board of Supervisors monthly.

We will work on preparing an accounting procedures manual.

We will have an independent person review financial transactions along with reviewing investments.

Incoming mail is opened by an employee who does not process the mail. A random list of mail received is recorded and compared to the checks deposited the next day.

County Recorder – We will review procedures and make changes to improve internal control as appropriate and possible.

County Sheriff – We will review procedures and obtain maximum control with segregation of duties with current staff where possible.

Community Based Services – CBS no longer handles protective payee accounts but instead use another independent agency. We need to add an additional person to help with segregation of duties.

County Extension Office - We are aware of the importance of segregation of duties. With a small staff of three, these are our best options as to bank reconciliation preparations. Monthly our bank reconciliation reports plus bank statements are reviewed, initialed and dated by our council treasurer per our fiscal policy.

Conclusions – Responses accepted.

- (B) Financial Reporting – We identified material amounts of receivables, payables and capital asset additions and deletions which were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all receivables, payables and capital asset additions and deletions are properly recorded and included in the County's financial statements.

Bremer County

Schedule of Findings

Year ended June 30, 2013

Response – We will review this to put procedures in place to help ensure all amounts are properly recorded. We have addressed this and are assured all purchases will be completed in a fiscal year or prior to payment.

Conclusion – Response accepted.

- (C) Board of Supervisors - Certain warrants were written and held at year end.

Recommendation - Warrants should not be written and held prior to receiving goods and services since this can weaken the control the Board has over disbursements.

Response – We will be more aware to help ensure this doesn't happen in the future.

Conclusion – Response accepted.

- (D) Capital Assets – Procedures do not exist to perform an independent review of the capital asset listing to determine whether assets on the listing exist or whether all existing assets have been included.

Recommendation – An independent review of the capital asset listing should be performed periodically to ensure the completeness of the listing and ensure the assets listed exist.

Responses –

County – We will do spot checks and keep updated records.

Community Based Services – We will review to see if an independent person can perform this review.

Conclusions – Responses accepted.

- (E) Community Based Services Receipts – Pre-numbered receipts were not issued for all collections.

Recommendation – Pre-numbered receipts should be issued for all collections.

Response – We have started using pre-numbered receipts.

Conclusion – Response accepted.

- (F) Computer System – The County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County IT department is working on a disaster recovery plan.

Conclusion - Response accepted.

- (G) County Sheriff – Procedures do not exist to reconcile the cashbook balance for garnishments/trusts to the individual garnishments/trusts on hand at month end.

Recommendation – A listing of individual garnishments/trusts should be prepared at month end and reconciled to the cashbook balance.

Bremer County

Schedule of Findings

Year ended June 30, 2013

Response – As of July 1, 2013, a new civil system was put into place and we are now able to do a month end trust list reconciliation to the bank statement.

Conclusion – Response accepted.

- (H) County Recorder – Refunds for overpayments were sometimes made by cash sent through the mail. Copy monies are kept in a separate drawer, are not recorded timely and are used to make change.

Recommendation – All refunds for overpayments sent through the mail should be done by check. Copy monies should be kept with other collections and recorded timely in the cashbook.

Response – We will review procedures and make the changes you have recommended for us to follow.

Conclusion – Response accepted.

- (I) Undeposited Collections from the County Recorder's Office – The County Recorder's Office collects a number of fees. A substantial portion of the amount collected is a per page fee for documents which are required to be recorded with the County, such as mortgages, condemnations, easements and tax liens. The Office also collects real estate transfer tax for the Iowa Department of Revenue and issues hunting and fishing licenses and registers and titles boats, snowmobiles and all-terrain vehicles for the Iowa Department of Natural Resources. In addition, individuals may apply for passports at the Office and have their picture taken there for the passports. Fees are collected for both the application and the picture. Fees are also collected for photocopying done at the Office.

The fees collected are recorded in a software program which tracks the type of fee collected each day. The software also assigns a document number to each type of collection. The document number recorded in the software program corresponds to the individual documents recorded by the Office. The document numbers also correspond to supporting documentation maintained by the Office for other types of collections. For example, the document number recorded in the software system for passport photo fees corresponds to a daily summary of the number of photos taken on the related day.

The cash and checks collected during the day for the various fees are kept in a centralized location. At the end of each business day, the cash and checks are balanced to the collections recorded in the software system and prepared for deposit to the bank. Each employee in the Office, on a rotating basis, is responsible for balancing the collections to the software system. The Recorder balances the collections to the software system on Mondays, Wednesdays and Fridays. The Deputy Recorders perform the balancing on Tuesdays and Thursdays. Each employee also has the ability to change information recorded in the software system. The information in the system can be changed to balance with the amount of collections prepared for deposit to the bank. The software system does not have an audit trail function which records who makes changes to the information recorded.

Bremer County

Schedule of Findings

Year ended June 30, 2013

By comparing the supporting documentation to information recorded in the software system, we identified passport photo and copy fees which were collected in the Office but were not properly deposited. Specifically, we determined passport photo fees were not properly deposited on 30 individual days between August 16, 2012 and January 28, 2013. The undeposited passport photo fees totaled \$560. Variances between the supporting documentation and the amount recorded in the software system were also identified on March 23, 2012 and March 27, 2012. However, the amount of the variances for these days offset each other. Specifically, on March 23, 2012, a \$10 fee for a single passport photo was not properly recorded in the software program. However, on March 27, 2012, an extra \$10 fee was recorded.

We also determined the supporting documentation for copy fees did not agree with the amount recorded in the software system for 5 days between May 30, 2012 and December 31, 2012. For 4 of those days, the amount collected was greater than the amount recorded. However, for the remaining day, the amount recorded exceeded the amount collected. The net amount of undeposited copy fees totals \$65.

On February 12, 2013, the County Recorder, Donna Ellison, was interviewed by a special agent of the Iowa Division of Criminal Investigation. During the interview, she stated she removed cash from the Recorder's Office. She was charged with felony misconduct in office and 3<sup>rd</sup> degree theft on February 12, 2013 in connection with the undeposited collections. On May 13, 2013, Ms. Ellison pleaded guilty to both charges. She resigned as County Recorder on February 13, 2013.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, duties related to collections should be segregated to the extent possible. Specifically, the individual balancing the cash and checks collected each day should not be able to change the information recorded in the software system which tracks each day's collections. In addition, bank statements should be delivered to and reviewed by an official who does not collect or disburse funds for the Recorder's Office or a second independent party should review the bank statements in a timely manner to identify any unusual activity.

Response – We will review procedures and make changes to improve internal control as appropriate and possible.

Conclusion – Response accepted.

- (J) Conservation Department – There is a lack of segregation of duties for receipts as the same person is responsible for collecting, depositing, posting and daily/weekly reconciling.

Camping receipts are collected by individuals not employed by the County. These individuals retain cash of \$1 per night per camper as a fee. Also, a restrictive endorsement was not placed on checks immediately upon receipt.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel or Conservation Board members to provide additional control through review of financial transactions, reconciliations and reports.

Bremer County

Schedule of Findings

Year ended June 30, 2013

All camping receipts should be deposited intact by County employees. If contracted individuals are used, the contracted fee should be paid by a County claim with the required Internal Revenue Service form 1099 issued annually. A restrictive endorsement (for deposit only) should be placed on all checks when received.

Response – We will start using pre-numbered receipts. The Conservation Director was advised to discontinue this practice and to do a claim to pay the fee collectors their \$1 per collection.

Conclusion – Response acknowledged. If one individual is paid \$600 or more in a year, the County is required by IRS regulations to submit a form 1099 for that individual. Also, to strengthen controls, current personnel or Conservation Board members could review financial transactions, reconciliations and reports. Evidence of this review should be documented with the signature or initials of the reviewer and the date of the review.

- (K) County Landfill – There is a lack of segregation of duties for receipts as the same person is responsible for collecting, depositing, posting and daily/weekly reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Landfill should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – I am open to any random spot checks on my daily activities at any time.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Bremer County  
Schedule of Findings  
Year ended June 30, 2013

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 did not exceed the amounts budgeted. However, disbursements in the Elections Department for the year ended June 30, 2013 exceeded the amount appropriated.

Recommendation – Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – Amendments will be made in the future.

Conclusion – Response accepted.

- (2) Questionable Expenditures – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

| <u>Paid to</u>            | <u>Purpose</u>                             | <u>Amount</u> |
|---------------------------|--|---------------|
| Liddle's Ecowater Systems | Bottled water for County Attorney's Office | \$ 210        |

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation - The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – The County Attorney has been requested to write a resolution describing poor water quality and lack of drinking fountains on the third floor as the reason for public expense.

Conclusion – Response accepted.

- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Bremer County  
Schedule of Findings  
Year ended June 30, 2013

- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

| Name, Title and<br>Business Connection   | Transaction<br>Description | Amount   |
|--|----------------------------|----------|
| Dennis Miller, County Sheriff<br>employee, owns D.L.M. Sales<br>and Service                                      | Jail supplies              | \$ 1,320 |
| Brian Davison, County Sheriff<br>employee, self-employed   | Oak cabinet                | 795      |
| Jamie Barnett, Executive Director<br>of Community Based Services,<br>husband owns Barnett<br>Floor Covering Inc. | Remodeling and<br>carpet   | 6,570    |

In accordance with Chapter 331.342 of the Code of Iowa, the above transactions with D.L.M Sales and Service and Brian Davison do not appear to represent a conflict of interest since the total amount for the individuals is less than \$1,500 during the fiscal year.

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with Barnett Floor Covering Inc. do not appear to represent a conflict of interest since the transactions were competitively bid.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Financial Condition – The Enterprise, Community Based Services Fund had a deficit cash balance of \$14,723 at June 30, 2013.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The County is working on a request for proposal to liquidate SCL services and bring home health into a County agency and ending CBS.

Conclusion – Response accepted.

Bremer County

Schedule of Findings

Year ended June 30, 2013

- (10) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2013 for the County Extension Office did not exceed the amount budgeted.

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Bremer County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Darryl J. Brumm, CPA, Senior Auditor II  
Jesse Probasco, Staff Auditor  
Kaylynn Short, Staff Auditor  
Michael Chervek, Assistant Auditor  
Zack Kubick, Assistant Auditor  
Janell Wieland, Assistant Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA  
Deputy Auditor of State